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Bell Atlantic
1300 I Street NW, Suite 400W
Washington, DC 20005

Kenneth Rust
Director, Federal Regulatory Affairs



February 25, 1999

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FEB 25 1999

Ex Parte

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, DC 20554

Re: CC Docket Nos. 96-45 & 97-160

Dear Ms. Salas:

The attached letter was sent today to the Chief, Common Carrier Bureau, regarding the items captioned above. We request that it be made a part of the proceedings indicated.

Any questions on this filing should be directed to me at either the address or the telephone number shown above.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth Rust".

Attachment

No. of Copies rec'd at 3
List A B C D E

Bell Atlantic
1300 I Street, Suite 400W
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E-Mail: susanne.a.guyer@BellAtlantic.com

Susanne Guyer
Assistant Vice President
Federal Regulatory

February 25, 1999



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Mr. Larry Strickling
Federal Communications Commission
Chief, Common Carrier Bureau
1919 M Street, NW
Washington, DC 20554

FEB 25 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45
Forward-Looking Mechanism for High Cost Support for Non-Rural
LECs, CC Docket No. 97-160**

Dear Mr. Strickling:

I am writing you to express Bell Atlantic's concern over the FCC's apparent decision to press forward with the proxy model platform despite the public's inability to review and validate fundamental data used in the model. The Commission's December 17, 1999 Order responding to GTE's "Emergency Motion for Disclosure of Data and Information to Permit Public Review and Extension of Time" noted that PNR's geocode data were submitted to the Commission pursuant to a Protective Order, and that they were available for inspection pursuant to the terms of the Protective Order. Further, the Order highlighted that PNR submitted a letter to the Commission stating that it will make two geocoded data sets -- one surrogate and the other actual -- available by mail for only the cost of shipping. To date, Bell Atlantic has been unable to obtain a complete package of data sufficient to do a test run of the Commission's proposed universal service model.

Between January 18-20, 1999, PNR sent Bell Atlantic a copy of the "surrogate" geocode data inputs for the HCPM, as the actual geocoded data points were still not available for release. However, there were obvious omissions and discrepancies in these data that prevented a complete run and analysis of the model. Many wire centers were missing in 23 states, and three states and Puerto Rico were missing entirely. In some cases, it was impossible to access data for some companies in a given state, and in some cases apparently for all companies in a state. These omissions and errors -- which persist in some form to this date -- made it impossible to produce an accurate picture of how the model identified high cost areas and distributed support among the states, in comparison to the current funding mechanism.

On February 10, 1999, Bell Atlantic received from PNR files containing geocoded addresses in the form of ".bin" files (an intermediate processing step in the Commission's model), based on actual customer locations supplemented with road surrogate data where

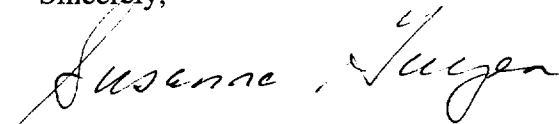
geocoded addresses fall short of the expected line count. These data had already been run through the HCPM clustering process, giving the user the impression that the data could be seamlessly incorporated into the HCPM and run with ease. However, like previous versions, these data were also incomplete. Three states and Puerto Rico were missing, and data for 84 wire centers in various other states were nonexistent. Most importantly, the data did not include critical files necessary to run the model. As such, in their current format the data made available serve little purpose, and the results of the model platform cannot be validated.

On February 18, 1999, Bell Atlantic received the second release of the HCPM input ".bin" files from PNR. Like prior releases, data are missing for three states and Puerto Rico and for an additional 84 wire centers. To date, these data appear to be compatible with the HCPM. However, the fact that fundamental data are incomplete continues to make it impossible to determine the size of the universal service fund and estimate the distribution of support among the states.

As noted in our November 20, 1998 letter, Bell Atlantic is very concerned that the proxy process is moving along without an adequate validation of the model. Interested parties are still unable to obtain reliable data in order to analyze the model and determine whether it is accurately identifying high-cost areas. As the Joint Board has recognized, the lack of data has made it impossible to identify the policy implications of using the model. No one can answer the simplest questions, such as how large a fund it would produce, or how it would shift funding from state to state.

The Commission's decision to adopt the platform for a proxy model before it has identified the input values necessary to run and test the model has denied interested parties a reasonable opportunity to comment, contrary to the explicit requirements of the Administrative Procedure Act. At the very least, the Commission should schedule another round of notice and comment after it has adopted a final platform and all proposed inputs. I would be interested in discussing with you how best to resolve the problems raised by the public's inability at this point to review meaningfully the model platform the FCC has chosen to calculate and distribute hundreds of millions of dollars in universal service support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Susanne Guyer".

Susanne Guyer

CC: W. Sharkey